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DRUMMOND GOLD TO EARN 51% OF YANDAN GOLD PROJECT FROM STRAITS RESOURCES

- **Landmark expansion and advance towards production for Drummond**

Drummond Gold Limited (Drummond or the Company) has reached agreement with Straits Resources Limited to earn a majority interest in the Yandan gold project, allowing Drummond to significantly increase its gold Resources.

Announcing the agreement today, Drummond Managing Director Mr Doug Grewar said:

“Yandan constitutes a landmark expansion and advance towards gold production for Drummond.

“Yandan represents a doubling in scale and a potential shortening of the time frame for Drummond’s proposed mining and processing operations in and around the historic North Queensland gold mining centre of Mt Coolon.”

Drummond has agreed to earn in to a proposed Joint Venture with Straits Gold Pty Ltd (a wholly owned subsidiary of Straits Resources) at Yandan. Drummond will spend \$3 million and fund its share of environmental bond obligations to earn 51% of Yandan over a period of up to three years. Under the terms agreed, either party may then extend or chose to dilute its interest in the project.

Yandan, in the Drummond Basin gold province, is 155 km south of Charters Towers and 45 km west of Mt Coolon. The Yandan mine produced more than 365,000 oz of gold for Ross Mining during the 1990’s.

The Yandan project comprises two mining leases containing three former open pits, one granted exploration permit (EPM) and one EPM under application.

Yandan currently has an estimated inferred Resource totalling 308,000 oz gold (4.1 Mt @ 2.4 g/t).

Drummond's current total inferred and indicated Resources are estimated at 272,000 oz gold. (2.8 Mt @ 2.99 g/t) in three 100% owned projects within 10 km of Mt Coolon.

Mr Grewar said Yandan was bringing exceptional value to Drummond.

“Yandan has substantial gold Resources, doubling the current estimated Resources available for development by Drummond to some 580,000 oz. Yandan also presents advanced exploration opportunities to increase the Resources considerably.

“Yandan is distinguished from most existing tenements by convenient access to water and power and the presence of a well equipped exploration camp including residential quarters.

“The extensive technical facilities enable the exploration work to be undertaken on site rather than elsewhere with consequential delays in exploration programs.

The Yandan facilities will add to the major exploration base already established by Drummond at Mt Coolon which provides comprehensive exploration services and support to the Drummond Basin regional exploration program.

“Yandan provides an excellent fit with Drummond's strategy of developing several mines in and around Mt Coolon to feed a proposed Central Treatment Plant.

“A scoping study by Ausenco that considered a number of production options at the proposed plant has already been completed.

“A well maintained, all weather haul road already connects Yandan to Mt Coolon.

“Extensive exploration work by Straits Gold has produced several advanced exploration drilling targets.

“Drummond will take advantage of these drill ready targets in pursuing an intensive exploration program in 2009. An early priority will be a drilling program aimed at extending the East Hill discovery,” Mr Grewar said.

Drummond Gold Resources 31 December 2007

Mine	Location	Resource Category									Total			cut-off
		measured			indicated			inferred			t	Au g/t	Au oz	Au g/t
		t	Au g/t	Au oz	t	Au g/t	Au oz	t	Au g/t	Au oz				
Koala	Ross Pit Deepening	27,000	3.69	3,203	60,300	3.55	6,878	41,025	3.90	5,143	128,325	3.69	15,224	1.0
	Ross Pit Extension	16,748	3.55	1,911	13,750	2.88	1,275	1,815	2.14	125	32,313	3.19	3,311	1.0
	Hectorina Pit	13,265	2.94	1,253	17,551	6.98	3,936	386	2.22	28	31,202	5.20	5,216	1.0
	Underground Extension				140,164	8.40	37,836	60,480	7.61	14,796	200,644	8.16	52,631	5.0
	Tailings from 1930's				218,400	1.61	11,305				218,400	1.61	11,305	0.0
	Total	57,013	3.47	6,367	450,165	4.23	61,230	103,706	6.03	20,090	610,884	4.46	87,687	
Eugenia	in whittle pit - direct mill				384,736	3.49	43,120	152,466	3.22	15,779	537,202	3.41	58,899	1.3
	in whittle pit - heap leach				138,494	0.97	4,306	32,520	1.05	1,102	171,014	0.98	5,408	0.7
	outside pit				502,261	1.55	25,093	921,021	2.39	70,748	1,423,282	2.09	95,841	0.7
	Total				1,025,491	2.20	72,519	1,106,007	2.46	87,629	2,131,498	2.34	160,148	
Glen Eva	Underground below pit				72,023	8.88	20,562	18,090	7.13	4,147	90,113	8.53	24,709	5.0
Total		57,013	3.47	6,367	1,547,679	3.10	154,311	1,227,803	2.83	111,867	2,832,495	2.99	272,545	

The information in this report that relates to Mineral Resources is based on information compiled by Mr Andrew Vigar, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Vigar is a director of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Vigar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yandan Gold Resources 30 June 2008

Commodity	Measured	Indicated	Inferred	Total
Tonnes			4,100,000	4,100,000
Au (g/t)			2.4	2.4

The information in this report that relates to Mineral Resources is based on information supplied by Peter Storey, who is a member of the Australian Institute of Mining and Metallurgy. Mr Storey is a full time employee of Straits Resources Limited and has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Storey consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Drummond Gold

Drummond Gold is a gold and base metals Company focussed on growth through exploration success and acquisition with an early production strategy.

The Company operates in the well-known Drummond Basin of Central Queensland around the former gold mining centre of Mt Coolon.

Drummond plans to increase the existing gold Resource of 272,000 oz with a view to building a Central Treatment Plant to process ore from several proposed mines in the region.